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May 2, 2014

Robert deV. Frierson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

RE: Proposed Changes to Regulation CC , Availability of Funds and Collection of Checks
[Docket No. R-1409, RIN No. 7100 AD 68]

Dear Mr. deV. Frierson:

The Pennsylvania Credit Union Association (PCUA) appreciates the opportunity to comment on the Federal Reserve Board's (Board's) proposed changes to Regulation CC on the availability of funds and collection of checks. PCUA is a statewide advocacy organization which represents a majority of the nearly 500 credit unions located in the Commonwealth of Pennsylvania. In this comment letter, we would like to address our concerns and recommendations for the proposal.

Remote Deposit Capture

As the Board points out, remote deposit capture (RDC) is becoming more prevalent and is increasing in popularity among businesses and consumers who have the ability via a smart phone or other electronic device to scan an image of a check and remotely deposit that check to a financial institution. As more and more consumers acquire devices that support this capability, the use of this service will continue to grow. To stay competitive with the larger financial institutions that currently offer the service, smaller credit unions will also need to begin offering the service to its members.

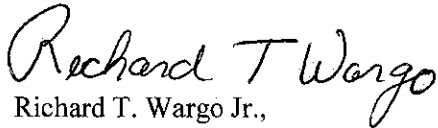
As this is an emerging technology, we are concerned about the proposed changes regarding indemnity. The Board proposes that in cases involving the duplicate presentment of a check, one via RDC and one via the original paper check that the depository bank accepting the check via RDC should bear the risk of loss, regardless of what type of endorsement appears on the original paper check. We fear that this proposal would discourage credit unions, especially smaller ones, from offering RDC to its consumers. The changes would increase the risk to all financial institutions and could result in a decline in the number of financial institutions that offer RDC to its customers, thereby thwarting the growth of this emerging technology.

Conclusion

In closing, the PCUA urges the Board to consider the effect of a restrictive endorsement when allocating liability, and if the proposed changes are adopted, to allow sufficient time until implementation so that credit unions can assess the risks, make the necessary changes to their internal operating policies, and educate their employees.

Very truly yours,

PENNSYLVANIA CREDIT UNION ASSOCIATION

A handwritten signature in cursive script that reads "Richard T. Wargo".

Richard T. Wargo Jr.,
Executive Vice President/General Counsel

cc: PCUA Board
Regulatory Review Committee
State Credit Union Advisory Committee
M. Dunn, CUNA